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VASSAR PUBLIC SCHOOLS  
VASSAR, MICHIGAN

FINANCIAL STATEMENTS  
JUNE 30, 2008

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# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

## Independent Auditors' Report

September 17, 2008

To the Board of Education  
Vassar Public Schools  
Vassar, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vassar Public Schools as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Vassar Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vassar Public Schools as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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**RSM! McGladrey Network**

An Independently Owned Member



# WEINLANDER FITZHUGH

To the Board of Education  
Vassar Public Schools  
September 17, 2008

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated September 17, 2008, on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but is supplemental information required by U.S. generally accepted accounting principles and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vassar Public Schools' basic financial statements. The combining and individual non-major fund financial statements and debt schedules and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and debt schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Weinlander Fitzhugh*

**VASSAR PUBLIC SCHOOLS**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

Our discussion and analysis of the Vassar Public Schools' (School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2008.

**Financial Highlights**

The School District's net assets decreased by \$137,780. Program revenues were \$2,599,375 or 16% of total revenues, and general revenues accounted for \$13,235,919 or 84%.

The General Fund reported a decrease in fund balance of \$75,115.

**Using this Annual Financial Report**

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Vassar Public Schools financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant fund – the General Fund, with all other funds presented in one column as non-major funds. The remaining statements, the statement of fiduciary net assets and the statement of changes in fiduciary net assets, present financial information about activities for which the School District acts solely as an agent for the benefit of students. The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- District-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Budgetary Information for the General Fund (Required Supplemental Information)

Other Supplemental Information

**VASSAR PUBLIC SCHOOLS**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

**Reporting the District as a Whole**

*The Statement of Net Assets and Statement of Activities*

One of the most important questions asked about the School District's finances is, "Is the School District better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector businesses. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School District's net assets as a way to measure the School District's financial position. The change in net assets provides the reader a tool to assist in determining whether the School District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the School District.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

*Governmental Funds*

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**VASSAR PUBLIC SCHOOLS**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

*Fiduciary Funds*

The School District is the trustee, or fiduciary, for its student activity funds and scholarship funds. All of the School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**District-wide Financial Analysis**

The statement of net assets provides the perspective of the School District as a whole. Exhibit A provides a comparative summary of the School District's net assets as of June 30, 2008 and 2007:

Exhibit A	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current and other assets	\$ 6,508,511	\$ 6,526,206
Capital assets - net of accumulated depreciation	<u>6,356,187</u>	<u>6,599,692</u>
Total assets	<u>12,864,698</u>	<u>13,125,898</u>
<b>Liabilities</b>		
Current liabilities	2,109,642	1,572,760
Long-term liabilities	<u>5,136,057</u>	<u>5,796,359</u>
Total liabilities	<u>7,245,699</u>	<u>7,369,119</u>
<b>Net Assets</b>		
Invested in property and equipment - net of related debt	1,075,433	974,531
Restricted	140,349	227,521
Unrestricted	<u>4,403,217</u>	<u>4,554,727</u>
Total net assets	<u>\$ 5,618,999</u>	<u>\$ 5,756,779</u>



**VASSAR PUBLIC SCHOOLS**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

The table on the previous page, focuses on net assets (see Exhibit A). The School District's net assets were \$5,618,999 at June 30, 2008. Capital assets, net of related debt totaling \$1,075,433 compares the original costs, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt requirements and legislation that limit the School District's ability to use those net assets for day-to-day operations.

The \$4,403,217 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the summarized comparative statement of activities (Exhibit B), which shows the changes in net assets for the years ended June 30, 2008 and 2007.

**VASSAR PUBLIC SCHOOLS**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

Exhibit B	Governmental Activities	
	2008	2007
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 347,162	\$ 369,508
Grants and categoricals	2,252,213	2,346,621
General revenue:		
Property taxes	1,285,280	1,499,817
State foundation allowance	11,731,633	11,860,288
Other	219,006	191,238
Total revenue	15,835,294	16,267,472
<b>Function/Program Expenses</b>		
Instruction	10,172,311	10,471,146
Support services	4,283,773	4,396,616
Community services	107,981	106,669
Food services	643,163	569,780
Athletics	248,029	248,781
Capital outlay	4,500	0
Interest on long-term debt	223,620	239,733
Depreciation (unallocated)	289,697	299,773
Total expenses	15,973,074	16,332,498
<b>Increase (Decrease) in Net Assets</b>	<u>\$ (137,780)</u>	<u>\$ (65,026)</u>

**VASSAR PUBLIC SCHOOLS**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

As reported in the summarized comparative statement of activities, the cost of all of our *governmental* activities in 2008 was \$15,973,074. Certain activities were partially funded from those who benefited from the programs in the amount of \$347,162 or by the other governments and organizations that subsidized certain programs with grants and categoricals in the amount of \$2,252,213. We paid for the remaining "public benefit" portion of our governmental activities with \$1,285,280 in taxes, \$11,731,633 in State Foundation Allowance, and with our other revenues, such as interest and general entitlements.

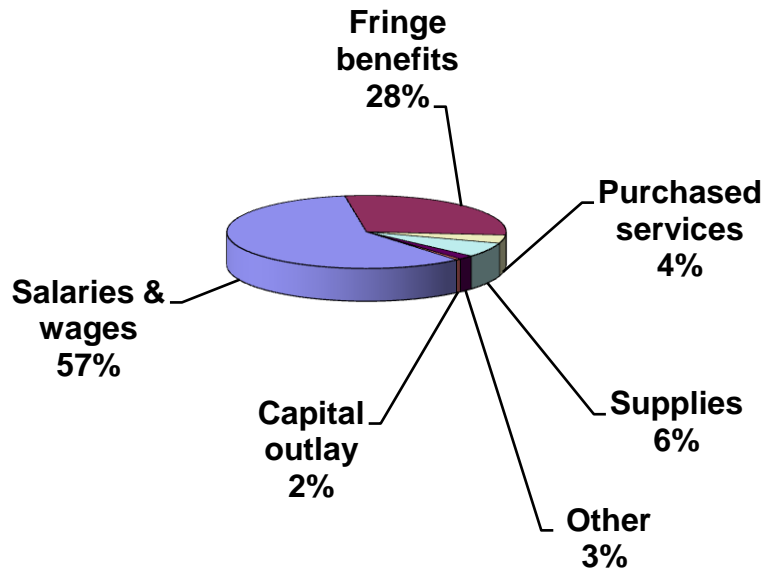
The School District experienced a decrease in net assets in 2008 of \$137,780. Key reason for the change in net assets was that revenues decreased at a faster rate than expense reductions.

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$15,835,294 and expenditures and other financing uses of \$16,021,714 in 2008. The negative change in fund balance reflects a decrease in all funding sources except in state revenue. The School District continued to meet its current costs and obligations.

**VASSAR PUBLIC SCHOOLS**  
**Management's Discussion & Analysis**  
**For the Year Ended June 30, 2008**

As the graph below illustrates, the largest portions of General Fund expenditures in 2008 are for salaries and fringe benefits. The School District by nature is a labor intensive organization.



	2008	2007	Percentage Change
<i>Expenditures by Object</i>			
Salaries and wages	\$ 8,654,184	\$ 8,802,353	-2%
Fringe benefits	4,259,712	4,355,404	-2%
Purchased services	541,898	595,937	-9%
Supplies	956,323	884,721	8%
Capital outlay	85,991	242,362	-65%
Other	260,628	454,585	-43%
Total	<u>\$ 14,758,736</u>	<u>\$ 15,335,362</u>	<u>-4%</u>

Expenditures are down compared to prior year due to a reduction in the retirement rate, more staff choosing a higher co-pay health plan, and reduced capital outlay expenditures.

**VASSAR PUBLIC SCHOOLS**  
Management's Discussion & Analysis  
For the Year Ended June 30, 2008

**General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the General Fund original budget were as follows:

- Budgeted revenues were increased to reflect an increase in state and federal grant funding. Local revenue was adjusted for accuracy.
- Budgeted expenditures increased to reflect the increase in federal grant funding and the increase in other support services activities.
- Variances between the final budget and actual amounts are reflected in Note 13 in the notes to financial statements.

**Capital Assets**

At June 30, 2008, the School District had \$6,356,187 invested in a broad range of capital assets, including buildings, buses, vehicles, furniture and equipment. This amount represents a net decrease of \$243,505 or 4%, from last year.

	<u>2008</u>		<u>2007</u>
Buildings and improvements	\$ 10,037,986		\$ 10,017,701
Buses and other vehicles	945,328		945,328
Furniture and equipment	<u>888,583</u>		<u>862,676</u>
 Total capital assets	 11,871,897	 ▼	 11,825,705
 Less accumulated depreciation	 <u>5,515,710</u>		 <u>5,226,013</u>
 Net capital assets	 <u><u>\$ 6,356,187</u></u>		 <u><u>\$ 6,599,692</u></u>

This year's additions of \$46,192 included keyless entry for all district buildings and entry doors with sidelights in the High School as well as a double stack steamer with stand and a new food service line.

**VASSAR PUBLIC SCHOOLS**  
Management's Discussion & Analysis  
For the Year Ended June 30, 2008

**Debt**

At the end of this year, the School District had \$5.2 million in bonds outstanding versus \$5.6 million in the previous year – a change of 6%. Those bonds consisted of the following:

	<u>2008</u>	<u>2007</u>
2005 QZAB Bonds	\$ 500,000	\$ 500,000
1999 Refunding Bonds	4,685,000	5,030,000
1998 Durant Bonds	<u>55,707</u>	<u>55,707</u>
	<u>\$ 5,240,707</u>	<u>\$ 5,585,707</u>

**Factors Expected to have an Effect on Future Operations**

Our elected Board and administration considered many factors when setting the School District's 2009 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2009 fiscal year budget was adopted in June 2008, based on an estimate of students that will be enrolled in September 2008. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2008-2009 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2009 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. We are anticipating a one percent increase in State funding. There needs to be State Aid increases high enough to compensate for inflation, salary increases, fringe benefit increase, and operating cost increase. Until the State economic growth gets much better, schools will continue to have economic difficulties.

**VASSAR PUBLIC SCHOOLS**  
Management's Discussion & Analysis  
For the Year Ended June 30, 2008

**Requests For Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Superintendent  
Vassar Public Schools  
230 Athletic Street  
Vassar, MI 48768

VASSAR PUBLIC SCHOOLS  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and investments	\$ 4,067,704
Accounts receivable	858
Due from other governmental units	2,424,289
Inventories and prepaid expenses	15,660
Capital assets less accumulated depreciation of \$5,515,710	<u>6,356,187</u>
Total assets	<u>12,864,698</u>
<u>Liabilities</u>	
Accounts payable	190,846
Accrued payroll and other liabilities	1,353,924
Deferred revenue	157,261
Interest payable	40,047
Long-term liabilities:	
Due within one year	367,564
Due in more than one year	<u>5,136,057</u>
Total liabilities	<u>7,245,699</u>
<u>Net Assets</u>	
Investment in capital assets - net of related debt	1,075,433
Restricted for debt service	137,409
Restricted for capital projects	2,940
Unrestricted	<u>4,403,217</u>
Total net assets	<u>\$ 5,618,999</u>

See accompanying notes to financial statements.



**VASSAR PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Governmental</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating Grants/</u>	<u>Activities</u>
		<u>Services</u>	<u>Contributions</u>	<u>Net (Expense)</u>
				<u>Revenue and</u>
				<u>Changes in Net</u>
				<u>Assets</u>
Governmental activities:				
Instruction	\$ 10,172,311	\$ 16,773	\$ 1,852,561	\$ (8,302,977)
Support services	4,283,773	8,261	7,268	(4,268,244)
Community services	107,981	2,507	19,100	(86,374)
Food services	643,163	255,016	373,284	(14,863)
Athletics	248,029	64,605	0	(183,424)
Capital outlay	4,500	0	0	(4,500)
Interest on long-term debt	223,620	0	0	(223,620)
Depreciation (unallocated)	289,697	0	0	(289,697)
Total governmental activities	<u>\$ 15,973,074</u>	<u>\$ 347,162</u>	<u>\$ 2,252,213</u>	<u>(13,373,699)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				831,063
Property taxes, levied for debt services				454,217
State aid not restricted to specific purposes				11,731,633
Interest and investment earnings				152,216
Other				66,790
Total general revenues				<u>13,235,919</u>
Change in net assets				(137,780)
Net assets - beginning of year				<u>5,756,779</u>
Net assets - end of year				<u>\$ 5,618,999</u>

See accompanying notes to financial statements.

VASSAR PUBLIC SCHOOLS  
Governmental Funds  
Balance Sheet  
June 30, 2008

	General	Other Nonmajor Governmental Funds	Total
<u>ASSETS</u>			
Cash and investments	\$ 3,698,147	\$ 369,557	\$ 4,067,704
Accounts receivable	858	0	858
Due from other governmental units	2,424,289	0	2,424,289
Due from other funds	3,119	47,331	50,450
Inventories and prepaid expenditures	6,973	8,687	15,660
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 6,133,386	\$ 425,575	\$ 6,558,961
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable	\$ 178,115	\$ 12,731	\$ 190,846
Accrued payroll and other liabilities	1,353,924	0	1,353,924
Due to other funds	47,331	3,119	50,450
Deferred revenue	156,321	940	157,261
	<hr/>	<hr/>	<hr/>
Total liabilities	1,735,691	16,790	1,752,481
	<hr/>	<hr/>	<hr/>
<u>Fund Balance</u>			
Reserved for inventories and prepaid expenditures	6,973	8,687	15,660
Reserved for debt service	0	137,409	137,409
Reserved for capital projects	0	2,940	2,940
Unreserved/undesignated	4,390,722	259,749	4,650,471
	<hr/>	<hr/>	<hr/>
Total fund balance	4,397,695	408,785	4,806,480
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 6,133,386	\$ 425,575	\$ 6,558,961
	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements

VASSAR PUBLIC SCHOOLS  
Reconciliation of Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2008

Total fund balance - governmental funds	\$ 4,806,480
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of the capital assets	11,871,897
Accumulated depreciation	(5,515,710)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(5,240,707)
Compensated absences	(262,914)
Accrued interest payable is not included as a liability in governmental activities	<u>(40,047)</u>
Total net assets - governmental activities	<u><u>\$ 5,618,999</u></u>

See accompanying notes to financial statements

VASSAR PUBLIC SCHOOLS  
Governmental Funds  
Statement of Revenue, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2008

	General	Other Nonmajor Governmental Funds	Totals
<u>Revenue</u>			
Local sources:			
Property taxes	\$ 831,063	\$ 454,217	\$ 1,285,280
Other	302,737	324,172	626,909
State sources	12,727,020	35,228	12,762,248
Federal sources	822,801	338,056	1,160,857
	<u>14,683,621</u>	<u>1,151,673</u>	<u>15,835,294</u>
Total revenue			
<u>Expenditures</u>			
Current:			
Instruction	10,140,334	0	10,140,334
Support services	4,283,773	0	4,283,773
Community services	107,981	0	107,981
Food service	0	669,070	669,070
Athletics	0	248,029	248,029
Capital outlay	0	4,500	4,500
Debt service:			
Principal	0	345,000	345,000
Interest	0	223,027	223,027
	<u>14,532,088</u>	<u>1,489,626</u>	<u>16,021,714</u>
Total expenditures			
Excess (deficiency) of revenue over expenditures	<u>151,533</u>	<u>(337,953)</u>	<u>(186,420)</u>
<u>Other Financing Sources (Uses)</u>			
Operating transfers in from other funds	0	226,648	226,648
Operating transfers out to other funds	(226,648)	0	(226,648)
	<u>(226,648)</u>	<u>226,648</u>	<u>0</u>
Total other financing sources (uses)			
Net change in fund balance	(75,115)	(111,305)	(186,420)
Fund balance - beginning of year	<u>4,472,810</u>	<u>520,090</u>	<u>4,992,900</u>
Fund balance - end of year	<u>\$ 4,397,695</u>	<u>\$ 408,785</u>	<u>\$ 4,806,480</u>

See accompanying notes to financial statements

VASSAR PUBLIC SCHOOLS  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2008

Net change in fund balance - total governmental funds	\$ (186,420)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	(289,697)
Capital outlay	46,192
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	(593)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	345,000
Increases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6	(52,262)
Change in net assets of governmental activities	<u>\$ (137,780)</u>

See accompanying notes to financial statements.

VASSAR PUBLIC SCHOOLS  
Fiduciary Funds  
Statement of Fiduciary Net Assets  
June 30, 2008

	<u>Agency Funds</u>	<u>Private Purpose Trusts</u>
<u>ASSETS</u>		
Cash and investments	<u>\$ 122,929</u>	<u>\$ 82,439</u>
<u>LIABILITIES</u>		
Due to student groups	<u>\$ 122,929</u>	
<u>NET ASSETS</u>		
Held in trust for scholarships		<u>\$ 82,439</u>

VASSAR PUBLIC SCHOOLS  
Statement of Changes in Fiduciary Net Assets  
June 30, 2008

	<u>Private Purpose Trusts</u>
<u>Additions</u>	
Contributions and investment income	\$ 3,515
<u>Deductions</u>	
Scholarships	<u>3,000</u>
Change in net assets	515
Net assets - beginning of year	<u>81,924</u>
Net assets - end of year	<u>\$ 82,439</u>

See accompanying notes to financial statements.

**VASSAR PUBLIC SCHOOLS**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Vassar Public Schools (the “School District”) conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

**Reporting Entity**

The School District is governed by an elected Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District’s reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District’s government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statement.

VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**District-wide Statements** – The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

**Fund-based Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.



VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The School District reports the following major governmental fund:

**General Fund** – The General Fund is used to record the general operations of the School District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

**Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** – In general, outstanding balances between funds are reported as “due to/from other funds.” Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.”

**Inventories and Prepaid Items** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

**Capital Assets** – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 years
Buses and other vehicles	10 years
Furniture and equipment	5-20 years

VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences** – The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method. Leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Long-term Obligations** – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Property Taxes** – For Vassar Public Schools taxpayers, properties are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. The final collection date is February 28, after which uncollected taxes are added to the County delinquent tax rolls.

**State Aid** – For the fiscal year ended June 30, 2008, the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2008, the foundation allowance was based on the average pupil membership counts taken in February and September of 2007.

**VASSAR PUBLIC SCHOOLS**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The state revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2007 – August 2008. The local revenue is recognized as outlined in Note 1 Basis of Accounting. Amounts receivable from the State of Michigan at June 30, 2008 relating to state aid is \$2,328,914.

The School District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**NOTE 2 – BUDGETS**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of school districts prior to the expenditure of monies in a fiscal year.

Vassar Public Schools follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The School District's Superintendent submits to the Board a proposed budget prior to July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end, therefore canceling all encumbrances. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund is presented as Required Supplemental Information.

VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

At year-end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and investments	<u>\$ 4,067,704</u>	<u>\$ 205,368</u>	<u>\$ 4,273,072</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking and savings accounts, certificates of deposit)	<u>\$ 4,273,072</u>
---	---------------------

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2008, \$4,202,598 of the School District's bank balance of \$4,392,976 was exposed to custodial credit risk because it was uninsured and collateralized.

VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 4 - CAPITAL ASSETS**

A summary of changes in governmental capital assets follows:

	Balance June 30, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital assets being depreciated:				
Buildings and improvements	\$ 10,017,701	\$ 20,285	\$ 0	\$ 10,037,986
Buses and other vehicles	945,328	0	0	945,328
Furniture and equipment	862,676	25,907	0	888,583
Subtotal	11,825,705	46,192	0	11,871,897
Accumulated depreciation:				
Buildings and improvements	3,953,220	198,894	0	4,152,114
Buses and other vehicles	713,122	46,379	0	759,501
Furniture and equipment	559,671	44,424	0	604,095
Subtotal	5,226,013	289,697	0	5,515,710
Net capital assets being depreciated	6,599,692	(243,505)	0	6,356,187
Total capital assets - net of depreciation	<u>\$ 6,599,692</u>	<u>\$ (243,505)</u>	<u>\$ 0</u>	<u>\$ 6,356,187</u>

Depreciation for fiscal year ended June 30, 2008 amounted to \$289,697. The School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions. Asset historical or estimated historical values relating to land have been determined not to exceed \$5,000, thus these values are not included in the above summary.

VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

A summary of interfund receivables at June 30, 2008 and transfers made during the year ended June 30, 2008 is as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 47,331	\$ 3,119	\$ 0	\$ 226,648
Special Revenue:				
Athletics	0	0	197,758	0
Food Service	3119	0	0	0
Debt Service:				
1999 issue	0	47,331	0	0
QZAB	<u>0</u>	<u>0</u>	<u>28,890</u>	<u>0</u>
	<u>\$ 50,450</u>	<u>\$ 50,450</u>	<u>\$ 226,648</u>	<u>\$ 226,648</u>

These inter-fund receivable and payable balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) supplement athletic operational costs and (2) provide for debt service reserves.

**NOTE 6 – RECEIVABLES**

Receivables at June 30, 2008, consist of accounts (fees), intergovernmental grants and interest.

A summary of the intergovernmental receivables (due from other governmental units) follows:

State Aid	\$2,328,914
Federal Grants	<u>95,375</u>
	<u>\$2,424,289</u>

**VASSAR PUBLIC SCHOOLS**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 7 – DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, grant and categorical aid payments received prior to meeting all eligibility requirements amounted to \$157,261.

**NOTE 8 – LONG-TERM DEBT**

The following is a summary of governmental long-term obligations for the School District for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Retirements and Payments	Balance June 30, 2008	Amount Due Within One Year
Bonds	\$ 5,585,707	\$ 0	\$ 345,000	\$ 5,240,707	\$ 367,564
Compensated absences	210,652	52,262	0	262,914	0
Total	<u>\$ 5,796,359</u>	<u>\$ 52,262</u>	<u>\$ 345,000</u>	<u>\$ 5,503,621</u>	<u>\$ 367,564</u>

Bonds payable at June 30, 2008 are comprised of the following issues:

\$6,465,000 1999 refunding bonds due in  
annual installments of \$75,000 to \$455,000  
through May 1, 2019, interest at 3.85% to 4.75% \$4,685,000

\$135,920 Durant Non-Plaintiff serial bonds due in  
annual installments of \$6,891 to \$31,127 through  
May 15, 2013; interest at 4.76% 55,707

\$500,000 Qualified Zone Academy bonds due in  
2020; interest at 0%. 500,000

Total Bonded Debt \$5,240,707

The Durant Non-Plaintiff bond, including interest, was issued in anticipation of payment to the School District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The School District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

The Durant Non-Plaintiff bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitations. This Bond is payable both as to principal and interest solely from the State Aid payments described in the preceding paragraph.

The School District defeased the outstanding debt listed below by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the callable portions of the old debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's basic financial statements.

As of June 30, 2008  
the amount of debt  
considered defeased

Serial bond issue, 1994

\$6,070,000

The annual requirements to amortize bonds outstanding as of June 30, 2008, including interest payments, are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 367,564	\$ 213,633	\$ 581,197
2010	382,924	198,153	581,077
2011	398,302	181,650	579,952
2012	418,696	164,291	582,987
2013	453,221	150,812	604,033
2014-2018	2,265,000	437,217	2,702,217
2019-2020	955,000	21,613	976,613
	<u>\$ 5,240,707</u>	<u>\$ 1,367,369</u>	<u>\$ 6,608,076</u>

Under the terms of the present contracts between the Board of Education of Vassar Public Schools and the various employee associations, the School District is contingently liable for unused sick days. Each employee may accumulate various numbers of sick days and must be paid for them upon termination of employment. At June 30, 2008, the amount of \$262,914 has been reflected in the district-wide financial statements.



**VASSAR PUBLIC SCHOOLS**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 9 – RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims and participates in the SET-SEG risk pool for claims relating to workers' compensation, general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN AND POSTEMPLOYMENT BENEFITS**

**Plan Description** – The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

**Funding Policy** – Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 17.74% for the period from July 1, 2007 to September 30, 2007 and 16.72% for the period from October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPERS plan for the years ended June 30, 2008, 2007 and 2006 were \$1,497,030, \$1,585,827 and \$1,453,373 respectively.

**Postemployment Benefits** – Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental, and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS plan discussed above.

**VASSAR PUBLIC SCHOOLS**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2008**

**NOTE 11 – GRANTS**

The School District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the School District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. Based on prior experience, the School District administration believes such disallowance, if any, would be immaterial.

**NOTE 12 – ECONOMIC DEPENDENCY**

The School District received approximately 86% of their General Fund revenue from the Michigan Department of Education. Due to the significance of this revenue source to the School District, the School District is considered to be economically dependent

VASSAR PUBLIC SCHOOLS  
Notes to Financial Statements  
For the Year Ended June 30, 2008

**NOTE 13 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the School District for these budgetary funds were adopted to the fund level.

During the year ended June 30, 2008, the School District incurred revenues and expenditures which were in excess of the amount appropriated, as follows:

<u>Fund/Function</u>	<u>Total Budget</u>	<u>Amount of Revenue</u>	<u>Budget Variance</u>
General Fund:			
Property taxes	\$ 913,365	\$ 831,063	\$ (82,302)
Other	309,145	302,701	(6,444)
State sources	13,002,578	12,727,020	(275,558)
Federal sources	1,063,580	822,837	(240,743)
<u>Fund/Function</u>	<u>Total Budget</u>	<u>Amount of Expenditure</u>	<u>Budget Variance</u>
Food Services Fund			
Operational Expenditures	\$ 645,397	\$ 669,070	\$ (23,673)

VASSAR PUBLIC SCHOOLS  
Required Supplemental Information  
Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2008

	Original Budget	Final Amended Budget	Actual
<u>Revenue</u>			
Local sources:			
Property taxes	\$ 913,190	\$ 913,365	\$ 831,063
Other	208,100	309,145	302,737
State sources	12,720,573	13,002,578	12,727,020
Federal sources	718,357	1,063,580	822,801
Total revenue	<u>14,560,220</u>	<u>15,288,668</u>	<u>14,683,621</u>
<u>Expenditures</u>			
Instruction:			
Basic programs	6,093,540	6,089,476	5,987,324
Added needs	4,345,790	4,559,349	4,153,010
Support services:			
Pupil	408,920	407,760	403,610
Instructional staff	133,150	130,570	128,639
General administration	376,270	413,761	391,015
School administration	1,100,630	1,138,335	1,125,897
Business services	66,040	66,240	66,050
Operations and maintenance	1,344,850	1,309,995	1,249,460
Transportation	590,980	616,182	610,107
Other	365,362	331,768	308,995
Community services	116,550	116,660	107,981
Total expenditures	<u>14,942,082</u>	<u>15,180,096</u>	<u>14,532,088</u>
Excess (deficiency) of revenue over expenditures	(381,862)	108,572	151,533
<u>Other Financing Sources (Uses)</u>			
Operating transfers out to other funds	<u>(226,590)</u>	<u>(226,648)</u>	<u>(226,648)</u>
Net change in fund balance	(608,452)	(118,076)	(75,115)
Fund balance - beginning of year	<u>4,472,810</u>	<u>4,472,810</u>	<u>4,472,810</u>
Fund balance - end of year	<u>\$ 3,864,358</u>	<u>\$ 4,354,734</u>	<u>\$ 4,397,695</u>

VASSAR PUBLIC SCHOOLS  
Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue Funds		Debt Service Fund			Capital Projects	Total
	Athletic Activities	Food Service	1999 Issue	1998 Durant	2005 QZAB		
<u>ASSETS</u>							
Cash and investments	\$ 83,573	\$ 192,966	\$ 1,162	\$ 0	\$ 88,916	\$ 2,940	\$ 369,557
Due from other funds	0	0	47,331	0	0	0	47,331
Inventories	0	8,687	0	0	0	0	8,687
Total Assets	<u>\$ 83,573</u>	<u>\$ 201,653</u>	<u>\$ 48,493</u>	<u>\$ 0</u>	<u>\$ 88,916</u>	<u>\$ 2,940</u>	<u>\$ 425,575</u>
<u>LIABILITIES AND FUND BALANCE</u>							
<u>Liabilities</u>							
Accounts payable	\$ 0	\$ 12,731	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,731
Due to other funds	0	3,119	0	0	0	0	3,119
Deferred revenue	940	0	0	0	0	0	940
Total Liabilities	<u>940</u>	<u>15,850</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,790</u>
<u>Fund Balance</u>							
Reserved for inventories	0	8,687	0	0	0	0	8,687
Reserved for debt service	0	0	48,493	0	88,916	0	137,409
Reserved for capital projects	0	0	0	0	0	2,940	2,940
Unreserved - undesignated	82,633	177,116	0	0	0	0	259,749
Total fund balance	<u>82,633</u>	<u>185,803</u>	<u>48,493</u>	<u>0</u>	<u>88,916</u>	<u>2,940</u>	<u>408,785</u>
Total Liabilities and Fund Balance	<u>\$ 83,573</u>	<u>\$ 201,653</u>	<u>\$ 48,493</u>	<u>\$ 0</u>	<u>\$ 88,916</u>	<u>\$ 2,940</u>	<u>\$ 425,575</u>

VASSAR PUBLIC SCHOOLS  
Other Supplemental Information  
Combining Statement of Revenue, Expenditures  
and Changes in Fund Balance - Nonmajor Governmental Funds  
For the Year Ended June 30, 2008

	Special Revenue Funds		Debt Service Fund			Capital Projects	Total
	Athletic Activities	Food Services	1999 Issue	1998 Durant	2005 QZAB		
<u>Revenue</u>							
Local sources:							
Property taxes	\$ 0	\$ 0	\$ 454,217	\$ 0	\$ 0	\$ 0	\$ 454,217
Other	65,405	256,519	1,155	0	1,093	0	324,172
State	0	35,228	0	0	0	0	35,228
Federal	0	338,056	0	0	0	0	338,056
Total revenue	65,405	629,803	455,372	0	1,093	0	1,151,673
<u>Expenditures</u>							
Current:							
Food services	0	669,070	0	0	0	0	669,070
Athletics	248,029	0	0	0	0	0	248,029
Capital outlay	0	0	0	0	0	4,500	4,500
Debt service:							
Principal	0	0	345,000	0	0	0	345,000
Interest and other	0	0	223,027	0	0	0	223,027
Total expenditures	248,029	669,070	568,027	0	0	4,500	1,489,626
Excess (deficiency) of revenue over expenditures	(182,624)	(39,267)	(112,655)	0	1,093	(4,500)	(337,953)
<u>Other Financing Sources</u>							
Operating transfers in from other funds	197,758	0	0	0	28,890	0	226,648
Total other financing sources	197,758	0	0	0	28,890	0	226,648
Net change in fund balance	15,134	(39,267)	(112,655)	0	29,983	(4,500)	(111,305)
Fund balance - beginning of year	67,499	225,070	161,148	0	58,933	7,440	520,090
Fund balance - end of year	\$ 82,633	\$ 185,803	\$ 48,493	\$ 0	\$ 88,916	\$ 2,940	\$ 408,785

VASSAR PUBLIC SCHOOLS  
Other Supplemental Information  
Schedule of Bonded Indebtedness - 1999 Issue  
For the Year Ended June 30, 2008

DATE OF ISSUE      January 1, 1999

AMOUNT OF ISSUE \$    6,465,000

AMOUNT RETIRED

During prior years	\$    1,435,000	
During current year	345,000	1,780,000

BALANCE OUTSTANDING - June 30, 2008 \$    4,685,000

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.05%	\$    360,000	\$    211,652	\$    571,652
2010	4.15%	375,000	196,533	571,533
2011	4.20%	390,000	180,407	570,407
2012	4.30%	410,000	163,443	573,443
2013	4.35%	430,000	145,402	575,402
2014	4.40%	450,000	126,268	576,268
2015	4.45%	450,000	106,017	556,017
2016	4.50%	455,000	85,768	540,768
2017	4.50%	455,000	64,837	519,837
2018	4.60%	455,000	43,225	498,225
2019	4.75%	455,000	21,613	476,613
		\$    4,685,000	\$    1,345,165	\$    6,030,165

VASSAR PUBLIC SCHOOLS  
Other Supplemental Information  
Schedule of Bonded Indebtedness - 1998 Durant Issue  
For the Year Ended June 30, 2008

DATE OF ISSUE      May 15, 1998

AMOUNT OF ISSUE \$ 135,920

AMOUNT RETIRED

During prior years	\$ 80,213	
During current year	0	80,213

<u>BALANCE OUTSTANDING - June 30, 2008</u>	\$ 55,707
--	-----------

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.76%	\$ 7,564	\$ 1,981	\$ 9,545
2010	4.76%	7,924	1,620	9,544
2011	4.76%	8,302	1,243	9,545
2012	4.76%	8,696	848	9,544
2013	4.76%	23,221	5,410	28,631
		\$ 55,707	\$ 11,102	\$ 66,809



VASSAR PUBLIC SCHOOLS  
Other Supplemental Information  
Schedule of Bonded Indebtedness - QZAB  
For the Year Ended June 30, 2008

DATE OF ISSUE      April 1, 2005

AMOUNT OF ISSUE \$    500,000

AMOUNT RETIRED

During prior years	\$        0		
During current year	0		0

BALANCE OUTSTANDING - June 30, 2008 \$    500,000

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Requirements</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	0.00%	<u><u>\$    500,000</u></u>	<u><u>\$        0</u></u>	<u><u>\$    500,000</u></u>



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September 17, 2008

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education  
Vassar Public Schools  
Vassar, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vassar Public Schools as of and for the year ended June 30, 2008 which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 17, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Vassar Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vassar Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Vassar Public Schools' internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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# WEINLANDER FITZHUGH

Board of Education  
Vassar Public Schools  
September 17, 2008

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency 2008-1 described in the accompanying schedule of findings and questions cost to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the School District's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vassar Public Schools' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Vassar Public School's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Vassar Public School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Education, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Weinlander Fitzhugh*



# WEINLANDER FITZHUGH

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September 17, 2008

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Vassar Public Schools  
Vassar, Michigan

### Compliance

We have audited the compliance of Vassar Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Vassar Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questionable costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Vassar Public Schools' management. Our responsibility is to express an opinion on Vassar Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vassar Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Vassar Public Schools' compliance with those requirements.

In our opinion, Vassar Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the ended June 30, 2008.

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# WEINLANDER FITZHUGH

Board of Education  
Vassar Public Schools  
September 17, 2008  
Page 2

## **Internal Control Over Compliance**

The management of Vassar Public Schools' is responsible for establishing and maintaining effective internal control over compliance with the requirement of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Vassar Public Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Vassar Public Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was not for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Education, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Weinlander Fitzhugh*

VASSAR PUBLIC SCHOOLS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**SECTION I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_yes Xno

Significant deficiencies identified not considered to be material weaknesses?

Xyes \_\_\_\_no

Noncompliance material to financial statements noted? \_\_\_\_yes Xno

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? \_\_\_\_yes Xno

Significant deficiencies identified not considered to be material weaknesses?

\_\_\_\_yes Xno

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with  
Section 510 (a) of Circular A-133? \_\_\_\_yes Xno

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	E.C.I.A. Title I
84.318	Title II, Part D

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_yes Xno

VASSAR PUBLIC SCHOOLS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**SECTION II - Financial Statement Findings**

**2008-1**

Criteria or Specific Requirement

Establishment and maintenance of internal control over the financial reporting process.

Condition

Due to the complexity of the required government-wide financial statements and related note disclosures in accordance with GASB 34, the School District does not maintain personnel who can report in accordance with U.S. generally accepted accounting principles without auditor involvement.

Criteria

Internal controls should be in place to provide reasonable assurance to the School District that the management possesses the skills necessary to monitor and report annual financial activity without auditor intervention.

Effect

The effect of this condition places a reliance on the independent auditor to be part of the School District's internal control over financial reporting.

Recommendation

The School District should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

Views of Responsible Officials and Planned Corrective Action

We will be sending key individuals to workshops and conferences to keep current on state and federal guidelines and initiatives.

VASSAR PUBLIC SCHOOLS  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**SECTION III - Federal Award Findings and Questioned Costs**

There are no matters reported.



VASSAR PUBLIC SCHOOLS  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

	Federal CFDA Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2007	Adjustments and Transfers	Current Year Receipts (Cash Basis)	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2008
<u>U.S. Department of Education</u>								
Passed through Michigan Department of Education								
E.C.I.A. Title I Part A	84.010							
Project 71530-0607		\$ 247,161	\$ 235,931	\$ 59,885	\$ 0	\$ 61,126	\$ 1,241	\$ 0
Project 71700-607		555,774	555,774	120,019	0	120,019	0	0
Project 81700-708		650,189	0	0	0	432,816	457,875	25,058
Project 815300-708		315,585	0	0	0	213,112	267,682	54,570
			<u>791,705</u>	<u>179,904</u>	<u>0</u>	<u>827,073</u>	<u>726,798</u>	<u>79,628</u>
 Title V	 84.298							
Project 80250-0708		371	0	0	0	371	371	0
			<u>0</u>	<u>0</u>	<u>0</u>	<u>371</u>	<u>371</u>	<u>0</u>
 Technology Literacy	 84.318							
Project 84290-0708		5,315	0	0	0	3,361	4,749	1,388
			<u>0</u>	<u>0</u>	<u>0</u>	<u>3,361</u>	<u>4,749</u>	<u>1,388</u>
 Title IIA	 84.367							
Project 70520-0607		86,578	86,431	26,344	0	26,383	38	0
Project 80520-0708		87,922	0	0	0	73,563	87,922	14,359
			<u>86,431</u>	<u>26,344</u>	<u>0</u>	<u>99,946</u>	<u>87,960</u>	<u>14,359</u>

VASSAR PUBLIC SCHOOLS  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

	Federal CFDA <u>Number</u>	Approved Grant Award <u>Amount</u>	(Memo Only) Prior Year <u>Expenditures</u>	Accrued (Deferred) Revenue <u>July 1, 2007</u>	<u>Adjustments and Transfers</u>	Current Year Receipts (Cash Basis) <u></u>	Current Year <u>Expenditures</u>	Accrued (Deferred) Revenue <u>June 30, 2008</u>
Passed through Tuscola Intermediate School District Tech Prep Grant Project 4014/11	84.243A	\$ 2,923	\$ 0	\$ (923)	\$ 0	\$ 2,000	\$ 2,923	\$ 0
Total U. S. Department of Education			878,136	205,325	0	932,751	822,801	95,375
<u>U.S. Department of Agriculture</u>								
Passed through Michigan Department of Education National School Food Programs								
Lunch	10.555	233,406	0	0	0	233,406	233,406	0
Breakfast	10.553	71,810	0	0	0	71,810	71,810	0
			0	0	0	305,216	305,216	0
Food Distribution	10.550							
Entitlement Commodities		32,840	0	0	0	32,840	32,840	0
			0	0	0	32,840	32,840	0
Total U.S. Department of Agriculture			0	0	0	338,056	338,056	0
			\$ 878,136	\$ 205,325	\$ 0	\$ 1,270,807	\$ 1,160,857	\$ 95,375

See accompanying notes to financial statements.

VASSAR PUBLIC SCHOOLS  
Notes to the Schedule of Expenditures and Federal Awards  
For the Year Ended June 30, 2008

**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Vassar Public Schools and is presented in the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations.

**NOTE 2 - OTHER DISCLOSURES**

Management has utilized the Grants Section Auditors Report and the Cash Management System Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

VASSAR PUBLIC SCHOOLS  
Schedule of Prior Audit Findings  
For the Year Ended June 30, 2008

**Federal Award Summary Schedule of Prior Audit Findings**

**2007-02**

Audit Finding:

Due to a limited staff size, the School District has a lack of segregation of duties with respect to the payroll disbursement accounting functions because the duties are centralized with one individual.

Corrective Action Taken:

A non-payroll staff is now reviewing and approving input reports prior to the processing of payroll.



# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
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September 17, 2008

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Board of Education  
Vassar Public Schools  
Vassar, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vassar Public Schools for the year ended June 30, 2008 and have issued our report thereon dated September 17, 2008. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibilities Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated August 4, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Vassar Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Vassar Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Vassar Public School's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Vassar Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Vassar Public School's compliance with those requirements.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on July 14, 2008.

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# WEINLANDER FITZHUGH

Board of Education  
Vassar Public Schools  
September 17, 2008  
Page 2

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Vassar Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of depreciation is based on the estimated useful life of fixed assets. We evaluated the key factors and assumptions used to develop the estimated useful life of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.



# WEINLANDER FITZHUGH

Board of Education  
Vassar Public Schools  
September 17, 2008  
Page 3

## *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 17, 2008.

## *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Education, management and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

*Weinlander Fitzhugh*